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Recasting Procedure

NEVER perhaps in the history of the accountancy profession has opportunity knocked harder at the door. The opportunity exists in rendering to clients a service more distinctly helpful, more genuinely valuable, and manifestly more useful to business administration.

It is traditional of the public accountant that he has looked upon his functions largely as confined to reviewing and verifying. For some unknown reason he has thought it unfitting that he should go beyond the accuracy and truth of recorded financial transactions and their statement in technical form. His sphere has been considered to preclude him from possessing business intelligence and judgment in matters outside of accounting technique.

Here and there, however, certain accountants have broken away from the hide-bound notions which circumscribe the traditional accountant in his work. To the amazement of their fellow practitioners such presumptuous accountants have become eminently successful in the establishment of practice. Why they are so sought after by business men and bankers is a mystery to those whose concepts of practice permit of no change.

To paraphrase a well known advertisement, "The client's nose knows," and there is abundant evidence to show that this discriminating sense has detected a bad odor on the part of the accountant who persists in selling clerical service and typewritten sheets at professional rates.

Is there any wonder, when an accountant approaches an engagement with some business intelligence and not only verifies facts and figures but tries to interpret the data and results examined, that he is preferred over the one who leaves nothing helpful with the client who pays the fee?

Is there any comparison in the matter of respect on the part of a client between an

accountant who gives him a copy of his books with a recital of the verification procedure and one who in addition to verifying, points out trouble-spots, inefficiencies, unsound policies, and wrong practices, and suggests remedies? Is there any doubt if such suggestions are practical and sensible that they will be favorably received?

Naturally, an accountant who recommends tearing down and reconstructing all the plant buildings in order to adapt them to some advanced scientific production scheme will find little favor with a client. But such suggestions are not comprehended in the sensible class and breed contempt rather than the confidence on which professional service rests.

There is a growing tendency on the part of those who have occasion to utilize the services of public accountants to expect more constructive service. Accounting is a means to an end. It has too long been regarded as the end. The accountant is presumed to know not only how to obtain results but what the results mean. Business men are coming more and more to expect that accountants will tell them what interpretations may be placed on the figures which the accounting process produces; how the conclusions may be applied to the future conduct of the business. Post-mortems in the practice of medicine do more than satisfy curiosity. They afford a basis for more intelligent future practice.

The growing expectations of clients place a somewhat new and heavier responsibility on public accountants. Somewhat clumsy in their methods, steeped in traditional technique, woefully weak in their ability to interpret, and frequently devoid of business judgment, accountants who would meet the demands of modern practice are confronted with the task of getting busy on a new program of thought, study and methods of procedure.

It is not sufficient that financial results be verified and stated. They must be interpreted. Their bearing on what follows must be explained. As historical facts they have little value unless they are made to serve in correcting errors of the past and shaping the policy of the future.

Admittedly this is a large order for accountants to fill. If they are not competent to meet the exactions and expect to survive they must turn to study and learn how to deliver the goods. It is inconceivable that they will shirk the responsibility and the task. But the job must be faced with the conviction that there is much to be learned and the will to spend time, money, and gray-matter in accomplishing the purpose.

The future, beyond doubt, will see a practice considerably revolutionized. The needs of the business public are changing. Business education has brought the light to thousands of proprietors and executives in the field of commerce and finance. The number is growing at a rate beyond comprehension. Modesty need not prevent accountants from attributing the modern development in business education largely to certain schools founded during the past twenty-five years with accountancy as their purpose.

But recognition of the change in business needs as they relate to accountancy is not sufficient. Action to meet such changed conditions must follow. Old methods of procedure will not produce results compatible with the changed requirements. The future procedure, recast, enlarged, refined and adapted, must be built from a new point of view; based on modern demands.

Considering the foregoing, accountants who desire to keep abreast of the times might well adopt the following:

"Resolved, that we put ourselves in the way of rendering to clients service and reports which will be increasingly constructive and useful."

With this in mind, we have given effect, June 1, to a revision of our own organization, resulting in a new department to be known as the Technical Procedure Department. After a reasonable period of research this department will be charged with correlating field work and reports and in supervising the service to clients. The undertaking is a big one. It will involve time, thought and money. It will need the wholehearted support and cooperation of every person in the organization. The possibilities are great. The future holds the results.

Lighting Up the Truth

THE practice of accountancy is so complex that one may easily get the impression of contradiction in various precepts of procedure which are laid down for guidance.

Starting from the premise that a dull, dead report is an abomination unto a client the natural course is to argue for reports which are live and interesting.

We are told that statistics improve a report. There is at present a distinct tendency to make increasing use of ratios.

There is a marked urge to present data which is illuminating. Almost in the same breath there is the counsel of caution in the use of these methods.

Statistics reduce large numbers to proportions which the mind grasps with more ease. Ratios make clear relationships which otherwise would be abstruse. Carefully selected and presented data gain and sustain the attention and tend to convey a situation with precision.

However, the statistics must represent